

BOARD OF MANUFACTURED HOUSING  
DEPARTMENT OF FIRE, BUILDING AND LIFE SAFETY

REPORTER'S TRANSCRIPT OF PROCEEDINGS

Phoenix, Arizona  
May 20, 2009  
1:00 o'clock p.m.

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DEPARTMENT OF FIRE, BUILDING  
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## BOARD OF MANUFACTURED HOUSING BOARD MEETING 5/20/2009

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## BOARD OF MANUFACTURED HOUSING BOARD MEETING 5/20/2009

1                   BEFORE THE BOARD OF MANUFACTURED HOUSING,  
2   DEPARTMENT OF FIRE, BUILDING AND LIFE SAFETY Board Meeting  
3   held May 20, 2009, held at 1110 West Washington, Phoenix,  
4   Arizona, at the hour of 1:00 o'clock p.m., in the presence  
5   of the Board Chairman and Board Members.

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## BOARD OF MANUFACTURED HOUSING BOARD MEETING 5/20/2009

Phoenix, Arizona  
May 20, 2009  
1:00 o'clock p.m.

## P R O C E E D I N G S

CHAIRMAN WAIT: I'm going to go ahead and call  
the meeting to order. Roll call, please.

MS. CHAPMAN: Chairman Ross Wait?

CHAIRMAN WAIT: Present.

MS. CHAPMAN: Roger Wendt?

MR. WENDT: Here.

MS. CHAPMAN: Catherine McGilvery?

MS. MCGILVERY: Present.

MS. CHAPMAN: Neal Haney?

MR. HANEY: Here.

MS. CHAPMAN: Robert Gibb?

MR. GIBB: Here.

MS. CHAPMAN: Carlo Leone? Paul DeSantics? And  
present on behalf of the Department of Fire Building and  
Life Safety Director Bob Barger?

MR. BARGER: Here.

MS. CHAPMAN: Debra Blake?

MS. BLAKE: Here.

MS. CHAPMAN: Beth Soliere?

MS. SOLIERE: Here.

MS. CHAPMAN: Camila Alarcon?

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1 MS. ALARCON: Here.

2 MS. CHAPMAN: I'm Jessica Chapman. I'm not  
3 supporting secretary today.

4 CHAIRMAN WAIT: Thank you. I would entertain a  
5 motion approval of the minutes for February 11, 2009.

6 MR. WENDT: So moved.

7 MS. MCGILVERY: I'll second it.

8 CHAIRMAN WAIT: Any discussion?

9 MR. HANEY: Mr. Chairman?

10 CHAIRMAN WAIT: Yes.

11 MR. HANEY: I don't have any discussion  
12 concerning what was written is what was said, but some of  
13 the things that were said I had some questions about  
14 their accuracy. So would that be better under another  
15 category?

16 CHAIRMAN WAIT: Well, I have a number of  
17 questions also relative to the minutes and it isn't  
18 necessarily accuracy but just more of a status report. I'm  
19 assuming that maybe it's appropriate to approve the minutes  
20 and then have some discussion on that. Is that the  
21 appropriate thing?

22 MS. ALARCON: Are these items that are later  
23 agendized?

24 CHAIRMAN WAIT: Pardon?

25 MS. ALARCON: Are the items that you want to

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1 discuss later agendized?

2 CHAIRMAN WAIT: Some are, some are not. The  
3 question is relative to the minutes. Either that or I'll  
4 just hold it during the discussion period after the minutes.

5 MS. ALARCON: Well, you can do -- we'll see. You  
6 could approve the minutes and then -- it depends how  
7 substantive it is.

8 CHAIRMAN WAIT: And they're not, at least in my  
9 case in my opinion. I'm not sure about Neal.

10 MR. HANEY: It doesn't require board action.

11 MS. ALARCON: Oh, okay. Go ahead.

12 CHAIRMAN WAIT: So any questions or any  
13 discussion regarding the minutes? All right. All those in  
14 favor say aye. Any opposed? So moved. Neal may have some  
15 questions relative to the minutes.

16 MR. HANEY: Yes. The minutes beginning on page  
17 31 and continuing onto 37, 38, somewhere around in there,  
18 there was quite a lengthy discussion about the funds  
19 available from the interest from the consumer funds,  
20 Consumer Recovery Fund. That is up to 75 percent of the  
21 interest earned can be designated as money set aside for  
22 approval by the director with Board approval for education,  
23 and part of that discussion had to do with whether or not  
24 funds that are unused from one fiscal year whether or not  
25 they carried over into the following year. And the minutes

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1 record, and I think accurately, they do not. If they're not  
2 used in the fiscal year following the fiscal year in which  
3 they're accrued, that they revert back to the Recovery Fund.

4 In rereading that statute, 41-2189,  
5 Subsection D, in part it says, expenditures shall be used  
6 for consumer and licensee education in connection with  
7 manufactured housing and factory-built building industry and  
8 all moneys up to a maximum of \$50,000 remaining unexpended  
9 and unencumbered at the end of each fiscal year may be used  
10 for consumer and licensee education in succeeding fiscal  
11 years and do not revert to the Consumer Recovery Fund, which  
12 seems to be not what our understanding was that was recorded  
13 in the minutes for the last meeting. And I was wondering if  
14 we could get a clarification on that?

15 CHAIRMAN WAIT: My reading of the minutes said  
16 that we couldn't carry it over. If you don't use it you  
17 lose it.

18 MR. HANEY: Am I misreading that statute, am I  
19 misapplying it? Or is that a fact?

20 MR. BARGER: Give me the statute number again.

21 MR. HANEY: 2189. It's Subsection D as in dog.  
22 D as in dog tired. You don't have to put that down.

23 (Mr. Paul DeSantics entered meeting.)

24 MR. BARGER: I believe you're correct, the  
25 \$50,000, up to, is carried over.



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1 MR. HANEY: So when you look at the report the  
2 one that we received in the month of February 2009 it showed  
3 a carryover, remaining balance of 3,400 from fiscal 06-07,  
4 an additional 15,679 from 07-08, and \$13,000 expenditure.  
5 So at that point then we would have available for this  
6 fiscal year to allocate 6,079, assuming these numbers on  
7 that report are correct. Would that be accurate?

8 MR. BARGER: That would be accurate, yes.

9 MR. HANEY: So where is the balance?

10 MR. BARGER: It says 13,545. That's correct.

11 MR. HANEY: Thank you. That's all I have, Mr.  
12 Chairman.

13 CHAIRMAN WAIT: Good homework, Neal. I have a  
14 couple of questions. I note at the last meeting it was  
15 indicated we were going to be provided with quote the  
16 abbreviated minutes. All we had on line were the full  
17 minutes. Is that something that we can look forward to in  
18 the future.

19 MR. BARGER: Yes, it is. As far as the full  
20 transcript of the minutes and everything else, we probably  
21 ought to make a note that Paul has entered the room for the  
22 record.

23 THE REPORTER: I already did that.

24 CHAIRMAN WAIT: Thank you.

25 MR. BARGER: Yes. One of the things that we're

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1 going to do that I think we discussed in the past is the way  
2 that our recordings and antiquated system is as I'm speaking  
3 right now, all the papers and everything else cover a lot of  
4 things. What we're going to do is we have the reporter here  
5 to document the minutes in their entirety and then I think  
6 we'll be able to look through those and do an abbreviated,  
7 accurate response of what is going on. Because a lot of  
8 times when you're trying to transcribe off what we have here  
9 with so many things that are covered and background noise,  
10 it's very difficult to do that.

11 If we're able to upgrade our system where the  
12 microphone you have in front of you you can turn off, I  
13 think that we're going to try this process and then from  
14 that document that we receive from the reporter we will be  
15 able to more accurately reflect a minimized report on the  
16 minutes. So then we'll be able to highlight the important  
17 parts of the minutes as we went through. But we need to do  
18 it this way so we can get exactly what was said and then  
19 we'll be able to start in the future looking at how we would  
20 maybe minimize the minutes, and also looking into some of  
21 the systems. We have looked into some systems but they're  
22 quite expensive as far as the microphones that you can turn  
23 off and on and things like that.

24 CHAIRMAN WAIT: Let me tell you I appreciate the  
25 detailed minutes, but also I sit on a number of other boards

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1 -- I've been on boards most of my adult life unfortunately,  
2 and, you know, having the abbreviated minutes are great  
3 because maybe in the 40 pages that we have at the last  
4 meeting are boiled down to six, seven or eight to succinct  
5 items that we discussed. Then it's great if I have  
6 questions to go back to the detailed minutes. But it takes  
7 hours. And I don't mind spending hours going back and  
8 reading 40 some pages, where the other just makes it much  
9 nicer and all the other boards that I've been on have those  
10 boiled-down minutes, so to speak. So I look forward to  
11 that.

12 Another question. On page 11 of the detailed  
13 minutes John said -- guaranteed that you -- we were out of  
14 the meeting -- we were talking to Don about who could  
15 possibly train in the auditing process in getting more  
16 resources that as soon as possible even if it does mean  
17 taking away people from other areas. So what John had  
18 indicated after a long discussion that we have the Recovery  
19 Fund threatened by claims, we needed to take human resources  
20 to focus on auditing dealers in this quote recessionary  
21 period, because as I've heard recently a number of times  
22 when the tide goes low you find out who is swimming naked.  
23 And the bottom line is the tide is out right now from an  
24 economic standpoint and that certainly has some tremendous  
25 indications as we head towards the extinction of our

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1 Recovery Fund based on some of the items that we're going to  
2 talk about later. My question is has anything been done  
3 regarding John's promise that he was going to do that?

4 MR. BARGER: No, Mr. Chairman, it hasn't. I  
5 think you made the statement prior to us looking at the  
6 activities and the work load that we currently have right  
7 now, and our staffing level that have been trimmed down,  
8 since we've met we lost a couple of people, and I think in  
9 the budgeting and economic issues we're probably going to  
10 lose some more. So as that comes around Donna is about the  
11 only one that we have who currently is investigating cases.  
12 She was involved in an extensive investigation that was  
13 recently completed. So I think she's going to be able to do  
14 more of her own stuff now.

15 But as far as the ability to have somebody  
16 else come in and do the investigations, we don't have the  
17 resources.

18 CHAIRMAN WAIT: You know, I just want to go on  
19 the record and say that really concerns me. I think as I  
20 stated at the last meeting, you know, one of the things  
21 that's been horrible for our industry is as retailers to  
22 claim that no one has ever been hurt by having a dealer go  
23 out of business, and we've never seen a threat to the  
24 Recovery Fund like we're seeing today. We're threatened  
25 this thing is going to be totally upside down shortly,

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1 completely upside down. Where if you go to the contractor  
2 there's a maximum of 30,000, I think the number is still at  
3 30,000, you could get a recovery claim and the rest you have  
4 to file as a personal lawsuit. So, you know, to me the  
5 integrity of our entire industry is threatened here by not  
6 having a Recovery Fund. If we don't have the resources to  
7 focus on trying to stem that, that seems unfathomable to me  
8 to be honest with you. I understand your situation. But  
9 this is important.

10 MR. BARGER: I understand the importance of the  
11 issue, Mr. Chairman. It's also one of the things where a  
12 lot of times we don't know when somebody is going to go down  
13 until they go down. A lot of what we do is in hindsight in  
14 the investigative process. You're right, the audits that we  
15 actually go out and do, that Donna does, are very important.  
16 They're very important to us also. Again, the resources --  
17 and we will take an earnest look at the resources available  
18 to us and see if we have anybody to train into that aspect.

19 It's very difficult right now with the state  
20 of the economy and what is going on, as you well know, at  
21 the state level on the employment rate and what's happening  
22 in that process. It is becoming very difficult to manage  
23 even the daily activities that we have presented to us, to  
24 staff, by board activities. I understand the frustration.  
25 I understand the importance of it, and what we will do is

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1 ensure that now that some other things that Donna was doing  
2 in the investigative report, is over, we'll try to get back  
3 into the auditing process more and I think John has talked  
4 to her about that.

5 CHAIRMAN WAIT: Okay. And I have one final  
6 question. I'm not sure if I'm up for reappointment or who  
7 is up for reappointment, but the last meeting Jessica stated  
8 she was going to be sending a link of the info we needed for  
9 reappointment. I did not receive any link or anything. Did  
10 anybody else?

11 MR. BARGER: This is what was sent out to you.

12 MS. CHAPMAN: This was the e-mails that I had  
13 when we updated the e-mail information in November. I did  
14 send out an e-mail the day following the meeting on  
15 February 12th to all the people, and on April 20th, I  
16 believe, I sent out a second e-mail with that information  
17 again.

18 MR. HANEY: I received the e-mail in April, not  
19 the earlier one.

20 MS. CHAPMAN: It was before I had the e-mail  
21 address. Debra provided me with the e-mail addresses at a  
22 later date.

23 CHAIRMAN WAIT: My name is certainly on here.

24 MR. BARGER: Subsequent to that I've been in  
25 touch with the person in charge of Boards and Commissions

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1 and indicated to them our situation. They understand it and  
2 the Board is to continue acting the way it is until  
3 reappointments are reestablished. And they're starting to  
4 do some of that now. So what we'll do is stay in touch with  
5 the Boards and Commissions and track that to see if you all  
6 need to do anything other than us saying that everybody is  
7 resubmitting -- I guess that you want to resubmit. And if  
8 they indicate to us that you have to do it, we'll contact  
9 each one of you individually on the phone and make sure that  
10 you understand what you need to do.

11 Again, in the last discussion I had with them  
12 there's a lot of boards in the same arena that we have.  
13 What it is is there is not any term limit on the amount of  
14 terms that you can be appointed to, but it's every three  
15 years that you have to be reappointed.

16 CHAIRMAN WAIT: Reappointed. I'm not even sure  
17 if I'm up for reappointment. I would assume I am but I  
18 don't know.

19 MR. BARGER: The last word we had everybody was  
20 up for reappointment. And in the discussions we've been  
21 having with them, they know that, they know that over there.  
22 We'll continue to track that to where if you all have to  
23 submit something other than what's been submitted already,  
24 and I'll indicate to them that everybody wants to remain,  
25 again we'll make the phone call and let you all know that.

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1 We'll send it out this way also. But we'll make sure that  
2 we make personal contact with each one of you --

3 CHAIRMAN WAIT: Okay.

4 MR. BARGER: -- to make sure that you understand  
5 what you have to do, if you have to do anything. It could  
6 be us calling over there and we'll do that this afternoon.

7 CHAIRMAN WAIT: So you'll let us know what we  
8 need to do. Perfect. I appreciate that.

9 Any other discussion, unsubstantiated  
10 discussion, regarding the February 11 minutes? Okay.

11 The next item on the agenda is the financial  
12 reports. Roger?

13 MR. WENDT: I did not go through the financial  
14 reports thoroughly, Mr. Chairman, I don't have any comment  
15 at this time.

16 CHAIRMAN WAIT: Neal, you look like you're  
17 desirous of speaking.

18 MR. HANEY: Maybe. It looks like everything  
19 we've got is as of the end of March?

20 MS. MCGILVERY: Yeah.

21 MR. HANEY: And we're almost through May. We  
22 don't have anything more current than almost two months ago?

23 MS. CHAPMAN: It's actually April's report but it  
24 reflects in March. We don't report until the 15th of the  
25 following month for the month prior. Like even internally



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1 our March reports are due to Bob by April 15th. So April  
2 reports were due May 15th.

3 MR. HANEY: Last week.

4 MR. BARGER: They were due last week and there's  
5 an issue of compiling it. I understand what you're saying,  
6 Neal, as far as most accurate -- in this reporting process,  
7 and, again, I just want to present to the chair person on  
8 the Board we did struggle with these numbers. We're doing  
9 what we can to accurately reflect what is going on.

10 What we're going to start doing is post these  
11 every month so we don't have any kind of a time delay so you  
12 all can review them every month and track it. We won't send  
13 them to you but they'll be available to you all on line and,  
14 again, we'll establish a time frame. It will be after the  
15 15th of the month that we post for the previous month. So  
16 we don't have a time delay like we had in the past where we  
17 were meeting in February and then we're meeting in May and  
18 we try and catch up all those activities and things.  
19 There's a better way to do it I believe and that is to post  
20 them on a monthly basis and we're going to do the  
21 consolidated report.

22 We're also going to -- for the total report  
23 so we can more accurately -- because we're trying to reduce  
24 the reports that we actually make paper on to send you all.  
25 So both will be posted so you can kind of reflect back and

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1    forth as these numbers that came on the consolidated report  
2    came off the actual reports that they're reporting  
3    internally. I think until that happens and we start  
4    reporting monthly, and, again, even internally we do report  
5    monthly, but we don't necessarily sit down and individually  
6    look at everything and consolidate it. So I think what it's  
7    going to cause us to do is more accurately reflect to you  
8    all every month what the activity was for the previous  
9    month.

10            MR. HANEY: On the financial report we're showing  
11    fiscal 08-09 prior year interest on the Recovery Fund  
12    that -- that really isn't money that's available until next  
13    fiscal year.

14            MR. BARGER: The interest that would be earned on  
15    it.

16            MR. HANEY: The interest earned in fiscal 08-09  
17    will be available for education in 09-10. Is this number  
18    that we're looking at the interest or does this represent  
19    the 75 percent of the interest?

20            MR. BARGER: It's the interest so it would be  
21    75 percent of the interest.

22            MS. MCGILVERY: Which would be nine thousand some  
23    odd dollars.

24            MR. HANEY: So we're not done with the fiscal  
25    year yet?

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1 MS. MCGILVERY: I didn't have any figures nor was  
2 there a figure out there for July.

3 MR. HANEY: So this figure we're seeing right  
4 here doesn't mean a whole lot to us yet because we don't  
5 know what the final number will be. And that's the total  
6 interest, not the 75 percent that's available.

7 MS. MCGILVERY: Yes. The total I got was  
8 \$12,463.

9 MR. HANEY: So there'll still be April, May and  
10 June interest added to that and then it will have to be  
11 multiplied by 75 percent.

12 MS. MCGILVERY: Seventy five percent.

13 MR. HANEY: You can do whatever you want. I'm  
14 going to draw a line through it because it means nothing to  
15 me.

16 MS. MCGILVERY: We need to adjust. .

17 MR. BARGER: That's why we want to start posting  
18 everything monthly so that not only will you all be able to  
19 track it but we'll be able to more accurately track it also.

20 MS. MCGILVERY: Can we put the financial first,  
21 the financial report first?

22 CHAIRMAN WAIT: Okay. I have a few questions.  
23 If you go to the legal activity report for the month of  
24 March, and about halfway down subpoenas, is that something  
25 new. Zero last year, 48 this year to date and two

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1 citations.

2 MR. BARGER: Excuse me, subpoenas?

3 CHAIRMAN WAIT: Yes.

4 MR. BARGER: I don't know. We'll have to look at  
5 that. Does anyone have a response to that as far as the  
6 subpoenas? Subpoenas, I'll just -- is this subpoenas that  
7 the office subpoenas people?

8 MS. BLAKE: Yes. Yes. Prior to this fiscal year  
9 we hadn't really been using subpoenas to request records.  
10 And so it's something started fairly new. Donna is using  
11 that a lot in her audit activities. She requests  
12 information. She doesn't get it. She tries a couple of  
13 times. If she has no response, she issues a subpoena for  
14 records. We've had a couple large investigations that have  
15 happened in the last year, year and a half where we had to  
16 go investigate from third parties records of their  
17 contracts, interactions with our licensees. So we are doing  
18 that a lot more because we're not getting responses from  
19 licensees for information.

20 CHAIRMAN WAIT: Okay. So it's a new tool that  
21 you're using? Relatively new anyway?

22 MS. BLAKE: Yes.

23 CHAIRMAN WAIT: That answers that. Then I'd like  
24 to go to the monthly summary report.

25 MR. BARGER: The new report.

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1           CHAIRMAN WAIT: Again, that's as of the end of  
2 March. And when you look at the very top it shows that  
3 year-to-date there's been 651. Prior year-to-date was 889,  
4 yet the year-to-date fees for this year-to-date and prior  
5 year-to-date are almost the same. Does that make sense?  
6 One's 85,700 this year-to-date through March, so there's  
7 several more months to go, and last year-to-date was 87,300.  
8 That is like 25 percent more submittals, or reports I should  
9 say, engineering reports.

10           MS. BLAKE: I think the answer is, yes, it makes  
11 sense and the reason why is twofold.

12           CHAIRMAN WAIT: Okay.

13           MS. BLAKE: We raised the fees at one board  
14 meeting for plan review. So that would reflect part of it.  
15 I think the bigger part of it is for FBB fees that's based  
16 on the size of the home. We're seeing a trend that's  
17 bigger. Commercial buildings are being built so the fees,  
18 instead of being an average of six, seven, \$800 are in the  
19 thousands of dollars.

20           CHAIRMAN WAIT: Okay.

21           MS. BLAKE: We had a huge one. They're building  
22 a 25,000 square foot unit in Gilbert and the plan review you  
23 see in that is going to be in excess of \$10,000.

24           CHAIRMAN WAIT: That answers that question.  
25 Thank you.

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1 MS. BLAKE: You're welcome.

2 CHAIRMAN WAIT: If you step down another line  
3 from that report you have the current total fees generated  
4 of \$1,200 for MH and FBB 8,000, and then you have  
5 year-to-date fifteen seven twenty. Should those two numbers  
6 be equaling each other or is there something I'm missing?  
7 We have 9,300 combined, but we have 15,000 year-to-date. So  
8 I was curious.

9 MS. BLAKE: Well, the permit fees for  
10 manufactured homes are \$120 per permit. So I would have to  
11 calculate that out.

12 CHAIRMAN WAIT: That would be \$1,200 because it  
13 says ten current.

14 MS. BLAKE: Right. Right. I'm trying to  
15 calculate out the 131 to see if -- that totals the 15,720.

16 CHAIRMAN WAIT: That would be close.

17 MR. BARGER: Mr. Chairman of the Board, please  
18 keep in mind that this is still kind of a draft document to  
19 consolidate on how we have these reports and how we transfer  
20 them to this draft. I think we sent them out for everyone  
21 to review and to make sure that the information was on there  
22 and the review that was sent out didn't have any numbers in  
23 it. And now we're trying to transcribe the numbers. And  
24 you're right, they should reflect accurately what is in this  
25 report on this report.

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1 CHAIRMAN WAIT: Correct.

2 MR. BARGER: But there's some carryover in  
3 finding out -- in doing this and how we're recording this  
4 needs to be kind of reviewed and looked at.

5 CHAIRMAN WAIT: Right. With that comment in mind  
6 let me take another step downward. In anticipation of the  
7 -- if that's correct, it's a work in progress -- I  
8 appreciate that, but if you go down here to the bottom where  
9 it says expense and revenue report and you follow that line  
10 across it says year-to-date, and year-to-date is 698,000.  
11 Do you see that number? 698,791. Then it says prior  
12 year-to-date 132,000. But I mean this year was 699,000 and  
13 prior year-to-date is one-sixth that total or one-fifth that  
14 total?

15 MR. DESANTICS: It should be one million.

16 CHAIRMAN WAIT: I see what you're saying. It  
17 should be one million?

18 MR. BARGER: We discovered some other things on  
19 that too that needs to be redone as far as numbers that have  
20 been transposed. And that's why we need to recheck our  
21 accuracy on what we're doing, how we put numbers in here  
22 from here --

23 CHAIRMAN WAIT: Okay.

24 MR. BARGER: In the transposition of numbers.

25 CHAIRMAN WAIT: This will be a discussion for

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1 later on. At the very end of that column as of the end of  
2 March it's estimated that we're going to be at 112 percent  
3 versus in the 95 to 105 discussion. So just keep that  
4 number in mind for future discussion.

5 Okay. Any other discussion with the  
6 financial reports? Roger? I knew you'd come through.

7 MR. WENDT: Yeah. First of all, we've been  
8 consistently beating up staff over the last several meetings  
9 over reports. I can say there's certainly been an effort  
10 there to get them more accurate. Appreciate that. There's  
11 probably some more advancements we can make but I think  
12 we're heading in the right direction. But thank you for  
13 that.

14 On the installation inspection report, this  
15 here, I hope that I don't point out another inaccuracy, but  
16 the rest of that, and the reason that I read these, I'm  
17 trying to figure out how many homes are getting installed.  
18 How is the industry doing?

19 MR. BARGER: We understand.

20 MR. WENDT: Just up from the middle of the page  
21 it says sub total installations, first inspection by  
22 installer and it shows a current month, totals running  
23 across, and then prior year is less than half that. So I'm  
24 wondering if that's accurate. You know that would mean  
25 we're installing twice as many units now as last year.



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1 MS. BLAKE: No.

2 MR. BARGER: That certainly is not accurate.

3 MR. WENDT: But the good news though about  
4 installations, although most of us perceive our businesses  
5 down by 70 some percent, I'm struggling to find the correct  
6 report here, but insignia -- is there an insignia report  
7 here someplace that installers have to affix an insignia to  
8 what they install? And those numbers from last year to this  
9 year are only down about 30 percent as opposed to what most  
10 perceive as a lot more drastic in the downturn of our  
11 industry. And I think that's good news and I won't belabor  
12 that any longer.

13 CHAIRMAN WAIT: Okay. Any other questions?  
14 Great. Next item on the agenda is review, discussion and  
15 possible action on fee structure. And current fees here --  
16 I guess that's your discussion, Bob, to move forward with.

17 MR. BARGER: Do we have a handout on this? Did  
18 you get a handout?

19 MS. CHAPMAN: It was on the web site.

20 CHAIRMAN WAIT: You're talking current fees.

21 MR. BARGER: That's what we're currently charging  
22 right now. And, again, there is some discussion if we're at  
23 112 percent then it's up to the Board whether we want to  
24 make adjustments to the fee. I don't think that we want to  
25 based on the economy and everything else. We're going to go

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1 back and reaffirm the percentages that you all saw there.  
2 That says we're at 112 percent and, again, we have to be  
3 within the 95 to 105 percent range. I think what we'd have  
4 to do is go over the 105 percent. If that's an accurate  
5 reflection of the 112 percent then we would have to figure  
6 out how to get with the Board again to make an adjustment  
7 unless you want to do it now.

8                   The fees we're charging right now from the  
9 department's standpoint, I don't think that we want to make  
10 any adjustments to them. Do you want to adjust them up or  
11 down? However you want to do it.

12                   CHAIRMAN WAIT: Roger?

13                   MR. WENDT: Mr. Chairman, Bob, when we lose  
14 positions here who -- I don't know how to phrase my  
15 question. Losing positions that's not an expense anymore so  
16 if we keep the fees the same, the 112 may even go higher.  
17 You know where I'm going on this. I wouldn't be a proponent  
18 right now of lower fees but certainly not raise any except  
19 for one. Why don't we discuss that first, your positions  
20 and how that affects your budget and so forth.

21                   CHAIRMAN WAIT: At our last meeting everything  
22 was frozen. Are we passed that or are we still frozen?

23                   MR. BARGER: All rule making has been still  
24 frozen until the end of June and then they will see if we  
25 can do rule making again after that. Anything that impacts

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1 consumers or customers or citizens as far as raising things,  
2 they still don't want us to raise it. Basically where we're  
3 at the last time as far as anything that's going to cost  
4 anybody more to do business.

5 CHAIRMAN WAIT: So the April 30th estimated date  
6 that you were going to know is now referred to the end of  
7 June? Is that basically what you're saying?

8 MR. BARGER: End of June. There's a moratorium  
9 on any rule making or anything.

10 CHAIRMAN WAIT: That answers that.

11 MR. HANEY: Mr. Chairman?

12 CHAIRMAN WAIT: Yes, sir, Neal?

13 MR. HANEY: The copy I have here says -- there  
14 are several items that have asterisks. These are the items  
15 that have been changed and I neglected to pull last year's  
16 rates. Well, if these are last year's rates why do they  
17 have asterisks to say they have been changed?

18 MS. CHAPMAN: This was sent out last year as the  
19 new fee schedule. This is dated May 31 of last year.

20 MR. HANEY: So this is --

21 MS. CHAPMAN: Last year's fee schedule.

22 MR. BARGER: If we don't change anything, we'll  
23 just have a reaffirmation of the fees not changing at all.  
24 So we won't even go from like renewals and new licenses and  
25 stuff like that, changes that were reflected on that that we

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1 can't really look at this year, if we don't have any  
2 changes, none of that will be reflected on the letter that  
3 goes out here to all the licensees in the next few weeks  
4 because these take effect July 1st.

5 MR. HANEY: So this is the only opportunity this  
6 Board has for the next fiscal year. Is that correct?

7 MR. BARGER: I believe that's correct. I think  
8 because of the 95/105 that if we find ourselves  
9 significantly over that or significantly under that that the  
10 chair or the board members can call for a meeting and we can  
11 do it teleconferencing or however to make an adjustment to  
12 the fee to stay within the 95 or 105. So it does state in  
13 the rules currently that the Board will set fees by May 15th  
14 of every year for the following year. But, again, in the  
15 provisions for that there's the obligation to stay within  
16 the 95 to 105 range.

17 CHAIRMAN WAIT: Okay. Then come back to a  
18 question that I had, Bob, is that as I -- when I was talking  
19 about the monthly summary report and we're estimated to be  
20 at 112 percent, yet in the February minutes, page 31, it  
21 said we were at 89.9. So my question is how do we go from  
22 90 percent to 112 in a couple of months?

23 MR. BARGER: That is something that we'll have to  
24 reconcile because that's correct, that's quite a jump in  
25 change. So, again, in our number and how we go back and

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1 what we have to do is respond to the Board and let them know  
2 exactly what the accurate figure is and why there was such a  
3 discrepancy from February to this current report right here  
4 that shows 112. That's all I can say. We can try and  
5 reconcile it and see what happened and get an accurate  
6 reading of where we're at. Then you can make a decision  
7 whether you want to raise them at all.

8 CHAIRMAN WAIT: Very good. That's the focus we  
9 need to take. So I guess with that in mind, go ahead,  
10 Roger.

11 MR. WENDT: The one item on the second page under  
12 installation permits and insignia fees, manufactured housing  
13 permit up to \$200, understood that any locals that are in  
14 agreement with the state, have an agreement with the state  
15 to do their own inspections have to abide by that as the  
16 maximum fee for manufactured homes.

17 MS. BLAKE: Yes.

18 MR. WENDT: Installation permit. And some of  
19 those locals, especially in the outlying areas. Maybe in  
20 Navajo County with inspectors maybe a long ways, these local  
21 jurisdictions, my perception is, are losing money in  
22 inspecting manufactured housing which isn't what we want  
23 them to be doing. We want them to be treated as any house.  
24 So I think in some places that might put them under duress.  
25 So, Mr. Chairman, I would move that we up that from 200 to

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1 \$300.

2 CHAIRMAN WAIT: But can we do that though? It's  
3 frozen.

4 MS. BLAKE: It's 120 right now is what we charge.

5 MR. BARGER: That's what we charge.

6 MS. BLAKE: They can charge up to 200.

7 CHAIRMAN WAIT: But I guess coming back my  
8 question is if we thought Roger's idea was a good one, could  
9 we -- it's in the best interest to keep these guys doing the  
10 inspections rather than having them come back on the  
11 Department. But could we even consider raising fees at this  
12 time?

13 MR. BARGER: I don't think so, Mr. Chairman. I  
14 think we have to wait and see how the rule-making process  
15 goes because it is set by rule and everything. Although it  
16 does give the Board the ability to adjust fees based on the  
17 95 to 105 percent. But I think that the intent of what  
18 they're doing is to keep things status quo until they get a  
19 real handle on where this budget is going to go as far as  
20 the State goes.

21 CHAIRMAN WAIT: This is something that really --  
22 I'm going to come back and just make this comment. It says  
23 that the manufactured housing permits and what we're talking  
24 about is those people that we are contracted with that they  
25 can charge up to 200. It isn't what the Department charges

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1 because you're charging 120 now. But if Navajo wanted to  
2 charge 200 they could, or any of the other cities or  
3 counties could charge 200. And if it made sense to go to,  
4 as Roger has suggested, 300, is that really raising the fee  
5 because it has no effect? We're allowing jurisdictions to  
6 charge up to 300 if they choose to. Does that go around  
7 this freeze? Because this is something for the  
8 jurisdictions, not for us.

9 MR. BARGER: In reflection I don't think that  
10 would define that process because you're allowing them going  
11 up to. You're not setting or mandating that they do that.  
12 It allows them to go up. And I think again in the process  
13 of statute, not in rule or anything else, but you have to  
14 keep it between 95 and 105, and when you look at adjusting  
15 the fees it's up to the Board's discretion and direction on  
16 how you want us to send out a letter this is the new fee  
17 schedule.

18 CHAIRMAN WAIT: Yeah. Because this has no effect  
19 on the 95 to 105. This is just what the jurisdictions could  
20 charge if they choose to.

21 MR. HANEY: The department could, too.

22 MS. BLAKE: Yes.

23 MR. BARGER: But we won't.

24 MR. HANEY: That's the effect of the change.

25 CHAIRMAN WAIT: But you could -- if the Board

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1 decided to make a change, it could say to contracted  
2 jurisdictions and not even include this Board.

3 MR. WENDT: Excuse me, Mr. Chairman. We've  
4 consciously set this fee higher in previous years for the  
5 locals and kept it at 120 ourselves. I don't see there would  
6 be any difference going forward if we allowed a local to  
7 charge a little more if they would, and most of them I deal  
8 with charge \$200. That's all they're getting. And then  
9 they make up other fees to give them more. And I'm not  
10 trying to beat up my consumers or my business, but I am  
11 thinking that if a local is sending out an inspector and  
12 it's costing them far more than 200 to inspect a  
13 manufactured home, they're going to have an attitude about  
14 our industry which obviously we don't want. That's where  
15 I'm going.

16 CHAIRMAN WAIT: Especially in jurisdictions  
17 across the state that are under financial pressure like the  
18 rest of us are doing.

19 MR. WENDT: They're charging conventional home  
20 builders significantly more for the same service.

21 MR. BARGER: I think that we established that the  
22 Board can certainly set fees.

23 CHAIRMAN WAIT: So we can have that conversation.

24 MR. BARGER: We will abide by whatever the Board  
25 decides.



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1 MS. ALARCON: If I may interject. I haven't see  
2 the Governor's mandate.

3 MR. BARGER: On rule making.

4 MS. ALARCON: On rule making and setting fees,  
5 correct?

6 MS. BLAKE: Our rules include setting fees.

7 MS. ALARCON: But depending on what the mandate  
8 says, and I haven't reviewed it, if there's a mandate for  
9 all boards and all agencies not to raise any of their fees  
10 whether it is -- whether they have the authority to do so by  
11 rule or by statute, I mean I would feel more comfortable  
12 reviewing the mandate, having conversation with the  
13 Governor's office of the intention of the Board and whether  
14 or not -- it ultimately matters whether or not in their view  
15 you are complying with the mandate.

16 CHAIRMAN WAIT: I understand that and I  
17 appreciate that, but I'm assuming, correct me if I'm wrong,  
18 that if this body chose to and said we wanted to increase to  
19 300, as an example, subject to your review --

20 MS. ALARCON: Or subject to the review of the  
21 Governor's office.

22 CHAIRMAN WAIT: Right.

23 MS. ALARCON: It wouldn't be my review. It would  
24 be their review.

25 CHAIRMAN WAIT: I understand. Because this

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1 doesn't effect income or expenses for the Department. It  
2 would only be to the locals and not the Department. So, you  
3 know, I'm not sure how that ties in. But one thing that  
4 really could come back and tie into this Department is if  
5 the Navajo or some of these other jurisdictions say I don't  
6 want to do this anymore. It's costing us 250 bucks so we're  
7 not going to contract with them anymore and so now the  
8 Department has to hire people to go do it. That could be  
9 the worst -- that could have a very negative impact on this  
10 department. So --

11 MR. BARGER: As we all know we're under a hiring  
12 freeze.

13 CHAIRMAN WAIT: I understand.

14 MR. BARGER: I think -- I think given the  
15 direction the Board has to let us know what it wants to do.  
16 Let us make an attachment to that of upon review before we  
17 send it out.

18 CHAIRMAN WAIT: I understand.

19 MR. BARGER: Then we would call the chair and if  
20 you want to have a telephone conference with everybody, we  
21 could do that. Or we can notice everybody and say based  
22 upon the review and the intent of the ruling, they don't  
23 want anything raised period. Then we would just have to  
24 stay status quo. But you have to let us know if you want us  
25 to raise it to 300.

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1 MR. WENDT: Mr. Chairman, I would like to make  
2 that a motion that we raise that manufactured housing permit  
3 fee to read up to \$300 subject to the Governor's -- give me  
4 a word -- review. Thank you.

5 CHAIRMAN WAIT: Now when you say up to 300, I'm  
6 just trying to understand that myself, Roger. You're  
7 talking for locals only? For the jurisdictions only?  
8 You're not talking about this Department?

9 MR. WENDT: Right.

10 CHAIRMAN WAIT: That's excluded for this  
11 Department.

12 MR. WENDT: We're already up to 200 and wouldn't  
13 change any policies in this Department.

14 CHAIRMAN WAIT: Yeah. Okay. We have a motion on  
15 the floor.

16 MS. MCGILVERY: I'll second it.

17 CHAIRMAN WAIT: Okay. First and a second.  
18 Discussion?

19 MR. DESANTICS: I would just ask Roger, you're  
20 out there, what a \$300, two to 300, up to 300, does that  
21 seem sufficient? I would assume everything is going to 300.  
22 Is that about the same as site built?

23 MR. WENDT: Mostly. We're still significantly  
24 below site built so I don't think raising it to an even  
25 amount would be practical. We'd be talking five, six, 700.

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1 Give them a little boost.

2 CHAIRMAN WAIT: Okay.

3 MR. HANEY: Question for Roger. I understand  
4 that they're getting more for site built. But site built  
5 they're inspecting the plumbing, the framing, the  
6 electrical, doing all those inspections there which are  
7 already performed in a manufactured home. Basically they  
8 are inspecting the installation only and not the structure  
9 and building.

10 MR. WENDT: That's a fact, and I think that  
11 obviously that's one of the reasons conventional housing is  
12 significantly more. But with our new rules that we've  
13 adopted in January, installation inspection rules, they're  
14 having to make more inspections. They're coming out there  
15 to inspect the water pressure test, for instance.

16 MR. BARGER: Water, sewer, electrical, some of  
17 them require more testing on a new installation.

18 MR. HANEY: New home installation.

19 MR. BARGER: Not a relocation but on a new home  
20 installation it's going to require us and the ICAs to do  
21 more intense inspection and increase site inspections.

22 MR. HANEY: Okay. Thank you.

23 CHAIRMAN WAIT: Okay. Any further discussion?  
24 There's a first and a second on the floor. All those in  
25 favor say aye. Any opposed? Carries the same.

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1 MR. BARGER: We'll let you know as soon as we get  
2 that reviewed.

3 CHAIRMAN WAIT: My favorite topic, review,  
4 discussion and possible action of Recovery Fund. I know you  
5 have a handout.

6 MS. SOLIERE: Two handouts. One's a letter and  
7 then one is the status of the Consumer Recovery Fund.  
8 Everyone has one?

9 CHAIRMAN WAIT: You'll like this one.

10 MS. SOLIERE: As you can see the Fund is getting  
11 very close to being depleted. As of today the balance is  
12 167,152. We have six claims that are waiting appeal time.  
13 All six of those will come up for payment within the next  
14 couple of weeks. The first three will be totally paid and  
15 there will be a remaining balance of \$5,000. The fourth  
16 claim that comes up for payment that will be on May 29th  
17 will pay for a partial payment of \$5,000, and from that  
18 point we have to start ordering them in the order the claim  
19 was filed and paying them in that order. She happens to  
20 also be the first in line and her claim also happens to be  
21 for 245,000. She'll have her five thousand and then we'll  
22 have to wait until we have the entire 240,000 before we can  
23 pay her the remaining. Then we'll go to the second in line  
24 and third in line.

25 We prepared a letter to send out to claimants

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1 so they'll know what the status of the fund is. If they  
2 have questions they can call us to find out where they are  
3 in line, how much money the fund currently has.

4 We also prepared a memo to send out with  
5 claim packages so when people are going to file a claim  
6 they're aware of the situation.

7 We're still working on recovering the bonds.  
8 At the last meeting we had -- at the last board meeting we  
9 had recovered \$50,000. At this point we are at 132,626, and  
10 we're still working on those. So --

11 CHAIRMAN WAIT: Then you have five more claims  
12 pending?

13 MS. SOLIERE: Yes. That are waiting for hearing.

14 CHAIRMAN WAIT: For another 152,000?

15 MS. SOLIERE: Yes.

16 CHAIRMAN WAIT: This 245, was that from House  
17 Mart or whatever it was?

18 MS. SOLIERE: No. That was not from House Mart.

19 MR. BARGER: That was actually something else.

20 MS. SOLIERE: There was really two big ones. The  
21 third one is going to be 150,000. That is taking up the  
22 remaining balance. That leaves the 5,000 and then she's  
23 next in line.

24 MR. WENDT: Mr. Chairman, obviously our homes are  
25 worth a lot more and so forth but I mean does a consumer

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1 like that just totally write a check and get nothing from  
2 the retailer or installer in return? I don't know how  
3 people can get off with that kind of money. It's mind  
4 boggling.

5 MR. BARGER: Some of those cases are exactly  
6 that. This was a case where she actually was in her home  
7 and issue after issue after issue and it went to trial and  
8 that's what she was awarded.

9 CHAIRMAN WAIT: So her home wasn't paid off and  
10 the subcontractors weren't paid? In essence she was paid in  
11 full?

12 MR. BARGER: I don't know the exact details. She  
13 will be --

14 MS. BLAKE: She was paid in full.

15 MS. SOLIERE: She had paid a lot of money. Yeah.  
16 She's living in her home now.

17 MR. BARGER: But it's issues with the home that  
18 she was awarded the replacement because of issues with the  
19 home.

20 CHAIRMAN WAIT: So it wasn't the dealer  
21 absconding with the money?

22 MR. BARGER: In that particular case I don't  
23 think it was.

24 MS. BLAKE: No.

25 MR. WENDT: And there's no live entity still

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1 around that she could file a claim against in a civil court?

2 MR. BARGER: That's always an option for  
3 consumers to do that besides the Consumer Recovery Fund.  
4 And considering the position we're in with the Consumer  
5 Recovery Fund you're probably going to see more of that  
6 going on to either civil or whatever trying to recover  
7 instead of waiting in line for this. Based on -- this is  
8 just my assumption, based on outcome of the trial, if that  
9 person was awarded funds out of that then that would relieve  
10 the amount that would be paid out of the Recovery Fund.

11 MS. BLAKE: I'm sorry, if memory serves me on  
12 this case, because I think I worked on it before Beth was in  
13 her position, this was a dealer who had other Recovery Fund  
14 claims. The bond, which is \$25,000, had already been  
15 exhausted, so there was no bond money for this consumer  
16 after. Their only recourse was Recovery Fund or civil suit  
17 that basically gets them back to the Recovery Fund because  
18 there are no assets for this dealer.

19 CHAIRMAN WAIT: I'm trying to understand because  
20 maybe I misunderstood what was said. I understand if I  
21 walked into a dealership, wrote a check and gave them 45,000  
22 for my home and whatever all that was going on and I never  
23 received it, or I went in and wrote out a check for 245,000  
24 and I received my home and all the assets that were included  
25 in the contract, but now the liens come through from



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1 subcontractors or whoever, and so thus I can't get quote  
2 title to my home, I could understand that coming back  
3 against the Recovery Fund. But you're saying this judge  
4 awarded it on something different than that?

5 MR. BARGER: I may be incorrect. We have to --  
6 let me review the case and find out because I believe it was  
7 something other than that as far as --

8 MS. SOLIERE: They gave her a home that was full  
9 of mold. It's not even a liveable home. There's just  
10 problem after problem with the home. And she paid them -- I  
11 think she paid a lot of money down in cash just to get the  
12 home.

13 CHAIRMAN WAIT: A new home full of mold?

14 MS. SOLIERE: Yes.

15 MR. BARGER: But, anyway, recovering from the  
16 fund is actual and, again, in the hearing you have to submit  
17 evidence and provide information as to that as reflected by  
18 the Administrative Law Judge to make the decision on an  
19 reward.

20 CHAIRMAN WAIT: So the --

21 MR. BARGER: That award was actually less.

22 MS. SOLIERE: Yeah. She had asked for more.

23 MS. BLAKE: Four hundred and some thousand.

24 MR. BARGER: Four hundred and some thousand.

25 CHAIRMAN WAIT: I don't understand all the pieces

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1 but that seems like a strange process. You would think that  
2 would be a civil lawsuit and would not involve this  
3 department particularly. If she received a home from quote  
4 a manufacturer that had mold within it, you would think that  
5 would go back against the manufacturer.

6 MR. BARGER: I understand. There are some things  
7 that go through that process and when you look at it to  
8 where again the statute states the administrative hearing  
9 process takes place and the Administrative Law Judge makes a  
10 ruling on submitted receipts or evidence, whatever you  
11 present to defend your case and say that I need this much  
12 money to be made whole again, and as stated in statute it  
13 comes back to us that it almost states that the Board is  
14 going to pay that amount as deemed appropriate. So, anyway,  
15 we're still looking at that process. Because of where we're  
16 at with the Consumer Recovery Fund, this one will probably  
17 come into a civil lawsuit because there is nothing to pay  
18 her.

19 And we're probably going to have some  
20 precedent setting decisions come out of this whole process.

21 CHAIRMAN WAIT: The other thing I found shocking  
22 is -- is it Home Mart or House Mart?

23 MS. BLAKE: House Mart.

24 CHAIRMAN WAIT: House Mart. You know that  
25 gentleman walks out the door with over 800,000 and the state

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1 decides not to pursue him. Who wants to be a bank robber?  
2 This is ten times better. Hundred times. Go ahead, Roger.

3 MR. WENDT: So we're being -- sounds like we're  
4 being as proactive as we can be here.

5 MS. SOLIERE: Yes.

6 MR. WENDT: We've got letters going out to  
7 claimants.

8 MS. SOLIERE: Yes.

9 MR. WENDT: Stating the case pretty vividly or  
10 clearly here and go from there.

11 MS. SOLIERE: Yes.

12 MR. WENDT: Our fear as an industry group is this  
13 is going to hit the press at some point and give us a huge  
14 black eye. And it's distressing to us and what do we do?

15 MS. BLAKE: Just one final -- I'm sorry.

16 MR. WENDT: We've raised the hitch fee to the  
17 maximum amount; is that correct?

18 MS. BLAKE: No.

19 CHAIRMAN WAIT: Everything is frozen. We cut it  
20 down to 15 bucks. We want to go back to 30 but we can't.

21 MS. BLAKE: Right.

22 MS. SOLIERE: As well as raising the bond amount  
23 but we can't do it now.

24 CHAIRMAN WAIT: But we can't do that yet.

25 MR. WENDT: Blame it on Jan for now.

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1 MR. BARGER: You want that stricken?

2 MS. BLAKE: One final update from us on the  
3 Recovery Fund. I shared some information that I had  
4 obtained at a recent Manufactured Housing Institute  
5 conference with Ken Anderson that had to do with several  
6 companies who offer warranty insurance packages that  
7 manufacturers can build into the price of their home,  
8 dealers can offer as part of the package purchase contract  
9 they sell that warranties the structure of the home for ten  
10 years. So just a suggestion that in lieu of there is no  
11 Recovery Fund, it's going to take years to build up and pay  
12 off the claims that we know currently exist, this might be  
13 an option for the industry to say here is this warranty  
14 package. I think it runs 125, \$150 per home that at least  
15 guarantees any major structural issues with the home.

16 CHAIRMAN WAIT: So if it's a home you're saying  
17 that would probably cover it. But if a retailer just takes  
18 the money and runs that wouldn't have any effect on it?

19 MS. BLAKE: I'm not sure how to answer that  
20 question.

21 MR. BARGER: I think that would be correct.

22 MS. BLAKE: Yeah.

23 MR. BARGER: They didn't get a home to have and  
24 structural problems with.

25 CHAIRMAN WAIT: So that covers one aspect. All

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1 the years I was in business I'm not sure I remember having a  
2 home with mold or any of those significant issues like that.  
3 If there was a problem, manufacturers took care of it. That  
4 was 16 years of experience in the retail industry. Roger?

5 MR. WENDT: All in the same lines I have a client  
6 that has some warranty issues. Manufacturer folded up shop  
7 in Arizona at least. Now is that bond still active? Is  
8 there still a bond that's been posted for a period of time  
9 after they are out of business that could be attached for  
10 this consumer?

11 MS. BLAKE: Yes, except that the manufacturer  
12 that you're referring to had let their bond lapse, and,  
13 therefore, the Department had suspended their license until  
14 they resolved their bond issue. So I believe the bond is  
15 not available. But we'll do more checking into that. They  
16 didn't keep their bond current. Licensing requires you do  
17 keep your bond current otherwise they suspend your license  
18 until you resolve the issue.

19 CHAIRMAN WAIT: Just, again, a question, when a  
20 manufacturer -- I mean when a bonding company issues a bond  
21 in that regard to a manufacturer, and I know there's a two  
22 year tail on that bond --

23 MS. BLAKE: There is.

24 CHAIRMAN WAIT: So wouldn't there be a two-year  
25 tail even if they don't pay the premium?

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1 MS. BLAKE: I believe there is. We haven't  
2 researched it thoroughly. But, yes, I believe you're right.  
3 The other issue to remember for those customers. If it's a  
4 warranty issue that has to do with something that is  
5 significant with the home structurally or whatever, HUD  
6 warranties the home for the life of the home.

7 MR. WENDT: Expand on that for me. Who is going  
8 to pay to send a service man out to fix this lady's house?

9 MS. BLAKE: You know we haven't had that issue  
10 come up so -- but HUD does tell us that they warrantee any  
11 HUD unit for the life of the unit. And so I will get with  
12 HUD next week and find out exactly how that would work if we  
13 receive a complaint that is a warranty-related issue and the  
14 manufacturer is no longer in business -- and the  
15 manufacturers also have a hundred thousand dollar bond that,  
16 again, has that two year expiration on it.

17 MR. WENDT: Given the circumstances of the  
18 Recovery Fund it would be prudent to research that pretty  
19 thoroughly.

20 MR. BARGER: We are actually researching a lot of  
21 alternatives and all the possibilities that this Department  
22 may have to reestablish the consumer Recovery Fund, and  
23 hopefully things are going to slow down on that end because,  
24 as you well know, House Mart cost a lot of money and there's  
25 been issues around other dealers/activities that even though

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1 it's been one or two cases it's significant as far as the  
2 impact goes. But, again, we're researching all the  
3 alternatives, everything that we have to possibly look at to  
4 try and re-establish the funds into the Consumer Recovery  
5 Fund instead of just waiting for it to rebuild itself  
6 because as we all know the rate -- unless the industry turns  
7 around tomorrow, which we would love to see happen, and a  
8 lot of houses start going out the door.

9 CHAIRMAN WAIT: Neal.

10 MR. HANEY: I'm looking at these numbers and I'm  
11 sure they're accurate but I'm having trouble reconciling  
12 them with what we heard at the last board meeting. At the  
13 last board meeting we were told there were a number of cases  
14 that had already been heard and a check was either pending  
15 or they were waiting on a decision, and that after all of  
16 that was done there would still be a balance in the account  
17 of somewhere around 200,000. So this 400,000 was not  
18 part -- it's all been filed --

19 MS. SOLIERE: At the point of the last meeting --

20 MR. HANEY: After March?

21 MS. SOLIERE: Yes. They were somewhere in the  
22 process. Hadn't had their hearing yet. Maybe they were set  
23 for hearing. After they had their hearing then it takes  
24 some time for the ALJ to get his decision to us.

25 MR. HANEY: I understand that. But what it said

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1 here, well, they had already been to hearing and they were  
2 waiting a decision.

3 MS. SOLIERE: Some of them are. There were some  
4 that were in the process at that point, there were some in  
5 the process at this point. Some have been filed since then.

6 MR. HANEY: Okay. Thank you.

7 CHAIRMAN WAIT: Roger?

8 MR. WENDT: So, Bob, Mr. Barger, when an  
9 Administrative Law Judge issues their findings, that comes  
10 to you for your signature, and do you have any ability to  
11 review or --

12 MR. BARGER: Reject or modify?

13 MR. WENDT: -- refuse or reject?

14 MR. BARGER: Based on the way the statute is  
15 written it says that the Board will pay what the  
16 Administrative Law Judge determines.

17 MR. HANEY: There is no opportunity to appeal?

18 MS. BLAKE: No.

19 MR. BARGER: Request rehearing. I think you can,  
20 in this process, you can request a rehearing but when you  
21 look at the way it's done, most times you have a consumer  
22 that is going against a dealer that is no longer in business  
23 so nobody shows up on that side. So they have to show by  
24 evidence how much dollar figures they have been wronged by  
25 and then the ALJ makes the decision based on that.



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1 CHAIRMAN WAIT: Okay.

2 MR. BARGER: Just to go ahead further in that  
3 process once that starts that license is suspended until  
4 they pay back the Consumer Recovery Fund with ten percent  
5 interest a year. But most of the time because they have  
6 been suspended and revoked and they owe the money to the  
7 tune they owe it, they're not going to go back in business.  
8 So we'll never get that recovered.

9 MR. DESANTICS: Doesn't the Recovery Fund really  
10 there to handle maybe issues of a poorly run business, not  
11 as the chairman said, a bank robber so to speak? I don't  
12 think that you're ever going to be able to sustain funds  
13 that way.

14 MR. BARGER: I understand. Again, it's -- I  
15 think somebody stated earlier -- it's a sign of the times.  
16 Things were going good and now they're going bad.

17 CHAIRMAN WAIT: Wall Street. But you know going  
18 good or bad when someone takes and walks out the door with  
19 over \$800,000 with consumer deposits and money, that is  
20 nothing to do with the economy.

21 MR. BARGER: That's correct.

22 CHAIRMAN WAIT: It has to do with the human  
23 character. Just like the guy in Yuma, he walked out the  
24 door with about 300 grand and all those consumers were  
25 reimbursed. So, you know, the only thing we can do is to

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1 try to keep that from happening. As I said it reflects on  
2 the economy, it reflects on the characters involved whether  
3 it's good times or bad. That's going to get down to bonding  
4 and what we're trying to do is to shore up that end of it.  
5 All right. Any more discussion on the Recovery Fund?

6 Okay. Next item is the installation program.

7 MS. CHAPMAN: Again, another handout that was on  
8 your name plates. Two pages like this. It's color for some  
9 and not color for others. Red and blue on some of them.

10 MS. BLAKE: Just a quick update on the installer  
11 training that the new program and HUD requires us to do for  
12 all licensed installers, and in response to Board feedback  
13 for the last meeting, we're going to the rest of this year  
14 we already offered the six credit installer training. We  
15 have a two credit training program that we're putting some  
16 dates around right now that specifically talks about  
17 installing manufactured homes in flood zones and the FEMA 85  
18 requirements around that. So that will be an opportunity to  
19 make up those additional two credits that are needed. We  
20 had shared with you last time we had offered an opportunity  
21 to participate in the chapter meetings with the Arizona  
22 Housing Association and giving some educational credits for  
23 attending three of those meetings. In addition to that  
24 we're going to offer a couple of sessions where we're going  
25 to combine the lengthy installation training with the flood

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1 zone so that an individual could come one day, just dedicate  
2 one day of his time and earn all eight credits at that  
3 session.

4 CHAIRMAN WAIT: So there's two of those? Are  
5 those both all day then?

6 MS. BLAKE: The other eight hour one.

7 CHAIRMAN WAIT: Yes.

8 MS. BLAKE: No. The other eight hour one is an  
9 on-line course that is offered by a guru of manufactured  
10 home installation, George Porter. That is available as an  
11 on-line course where an individual could achieve those eight  
12 credits needed. That course is expensive. It's about \$230.  
13 But it is an option for anybody who doesn't want to take the  
14 time to attend. They could do it at home on line. It's  
15 more costly for them.

16 There was also some industry-wide conventions  
17 held this year. Those are going to offer some credits.  
18 Those are listed on the little chart. And assuming there  
19 may be some other manufacturers that want to offer a  
20 training course as Clayton had done earlier this year. If  
21 that's available those will be credits. So those are some  
22 options, some flexibility, on how you can get those eight  
23 credits that are needed by October 20 of this year.

24 CHAIRMAN WAIT: So coming back to the one you  
25 talked about, the combined.

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1 MS. BLAKE: Yes.

2 CHAIRMAN WAIT: Do you have that date for that  
3 yet?

4 MS. BLAKE: No. We're working on -- I think  
5 there is one in September, one in June. But once we get the  
6 dates around all of these which should be in the next couple  
7 of weeks, we'll have it posted on-line. We'll make it  
8 available through Arizona Housing Association and  
9 communicate it and send a mass mailing to installers who  
10 need to get this completed.

11 CHAIRMAN WAIT: Is that held here in Phoenix?

12 MS. BLAKE: We're going to hold two in Phoenix,  
13 one somewhere up north, Flagstaff area maybe. Do something  
14 in Tucson, something in Yuma and probably something up  
15 around Kingman.

16 CHAIRMAN WAIT: That would be done prior to this  
17 October date is what you're saying?

18 MS. BLAKE: It will. We're looking at the list,  
19 all of our licensed installers compared to those who already  
20 have attended some and giving them specific information,  
21 you've already done the six credits, you need two credits,  
22 here's how you can get it.

23 CHAIRMAN WAIT: On the agenda it says dedicated  
24 telephone lines. What does that refer to? It says new  
25 installation program update e-mail for installation

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1 dedicated telephone line.

2 MS. BLAKE: That has to do with Arizona Housing  
3 Association had come to us a couple months ago and asked us  
4 to take a look at our resolution time, our turnaround time  
5 from the time an installer calls in for an inspection until  
6 we can respond to that. Again, limited numbers of  
7 inspectors, lots of installations going on. So we had  
8 committed to turn that around in 48 hours as an average.  
9 There will be some that fall on either side of that, and we  
10 created a dedicated phone line so that we can properly track  
11 it. So everybody calls into the Tucson or Phoenix offices,  
12 it gets recorded who called, what date, what time, and then  
13 when we actually completed the first installation. And so  
14 that was communicated on our web site through AHA and that's  
15 been in place as of May 1st.

16 CHAIRMAN WAIT: Roger?

17 MR. WENDT: Can you give me a glimpse of what  
18 your perception is about you guys went out and trained  
19 installers, trained IGAs. Is it going smoothly, is it not?

20 MS. BLAKE: I would say that there have been a  
21 lot of questions even for those folks who attended the  
22 training classes, and I guess maybe part of that is in an  
23 effort to communicate we've sent out a lot of information  
24 and there's been some changes. HUD had required galvanized  
25 anchors and piers and that's what we trained everybody on,

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1 and then HUD came back and said they were getting a lot of  
2 feedback, that you need to regionalize that because it  
3 depends on the climate of where you live whether those are  
4 effective or not. And we took a step when HUD took a step  
5 back and said let's get more information, so we won't  
6 implement the change. So there's been a little bit of that  
7 communication where things have changed.

8 And then the whole flood zone issue which is  
9 huge, of course, in this state, what flood zones require,  
10 what the department actually paid a registered engineer to  
11 give us some typical flood zone plans because that's a huge  
12 cost if you have to do a site-specific plan for every home  
13 you're going to set in a flood zone. So we made a typical  
14 plan available now so there is no additional cost to the  
15 dealer, to the consumer, as long as the zoning entity will  
16 accept that flood zone plan which is based on the FEMA  
17 requirements.

18 So I think there's been a lot of change, a  
19 lot of questions along flood zone, a lot of questions on  
20 wind zones. So we created a frequently-asked question  
21 document that we post on our web site. We shared it with  
22 Arizona Housing to get out to their membership to address  
23 those questions as they come up.

24 Another topic is installing a manufactured  
25 home in a mobile home park as opposed to on a new site. So

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1 there is some difference. So there has been a lot of  
2 questions but I think it's gone fairly smoothly.

3 MR. WENDT: You haven't got yelled at very much?

4 MS. BLAKE: Oh, I get yelled at on a daily basis.  
5 That's part of the job.

6 MR. WENDT: I do too but I don't get paid for it.

7 MS. BLAKE: I don't think that I do either, but  
8 I'll have to talk to Bob about that.

9 MR. WENDT: I sense some frustration from some  
10 locals, confusion maybe some of it, but none of us wants to  
11 be told what to do by big brother. Some of that is an issue  
12 for them. And it's been painful, it's extremely painful for  
13 our industry, and I don't know what else I can say. It's  
14 cost me a lot of money, cost my consumers a lot of money,  
15 and some of it needlessly in my opinion, but it is what it  
16 is.

17 MS. BLAKE: Yes. We're required to comply with  
18 the HUD regulations and that's what we've tried to do and  
19 not everybody is happy about it.

20 CHAIRMAN WAIT: Bob?

21 MR. GIBB: I wanted to ask one thing. I'm from  
22 California and Michigan. We got into problems with anything  
23 that was galvanized or steel underground, and the big  
24 problems that we found and, in fact, this is the case all  
25 over the world, but chronicity in the ground because of

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1 cattle was so bad that if you put a piece of steel pipe down  
2 there whether it's galvanized or plated or whatever, if you  
3 are using it for anything, it's going to disappear. So like  
4 what they had to do in California was they to take -- you  
5 couldn't even put cast iron pipe in the ground or copper.  
6 Everything had to be wrapped in plastic seal and great big  
7 plastic bags over the pipes. Some of these areas where  
8 these homes are going are out where farmers have cattle  
9 grazing areas or even cattle ranchers and I'm wondering  
10 we're talking about going in there with galvanized -- oh,  
11 boy. We ran into the same thing back in Michigan. I'm just  
12 saying it won't hold up.

13 CHAIRMAN WAIT: It won't hold in Yuma either.

14 MR. GIBB: No, it won't.

15 CHAIRMAN WAIT: That used to be an ocean and salt  
16 and sand.

17 MR. GIBB: So what we come up with that we had to  
18 do all over the country is chronicity reports before  
19 anything got done. So I better mention it.

20 CHAIRMAN WAIT: So coming back to this combined,  
21 you're going to have a couple dates for here in Phoenix and  
22 some dates for outlying areas in the next couple weeks? Is  
23 that what you're saying?

24 MS. BLAKE: Yes.

25 CHAIRMAN WAIT: Great. Can I check on-line to



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1 see what the dates are?

2 MS. BLAKE: Within two weeks it'll be posted  
3 on-line.

4 CHAIRMAN WAIT: All right. Thank you very much.  
5 I'm assuming no more questions regarding the new  
6 installation program. All right.

7 Next item typical flood zone plan review.

8 MS. BLAKE: I think that we addressed that  
9 earlier unless you have questions for me.

10 CHAIRMAN WAIT: No, I don't.

11 MS. BLAKE: Thank you.

12 CHAIRMAN WAIT: Review, discussion and possible  
13 action, which there is none, regarding the 95 to 105 percent  
14 provision. I think we pretty well covered that, haven't you,  
15 Bob?

16 MR. BARGER: Yes, Mr. Chairman, I think we have.

17 CHAIRMAN WAIT: And I think the last perhaps,  
18 request education grant for AAMHO or anybody else with a  
19 Recovery Fund going upside down. So --

20 MS. MCGILVERY: Could I ask whether -- will you  
21 respond to both AAHMO's response and explain why there won't  
22 be any education grants?

23 MS. SOLIERE: Yes, we can do that. So are we  
24 saying we're not going to --

25 MS. MCGILVERY: I don't think there's any money.

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1 CHAIRMAN WAIT: Did you vote against it?

2 MS. MCGILVERY: No.

3 CHAIRMAN WAIT: Sounds like she doesn't want  
4 to -- Does somebody want to make a motion that we turn it  
5 down?

6 MS. MCGILVERY: I just thought it was a moot  
7 point at this point.

8 CHAIRMAN WAIT: Those funds are there. I guess  
9 that's a good question. Within the very near future with  
10 the funds disappearing out of the Recovery Fund, isn't that  
11 taking the education funds with it too, because it's all  
12 comingled? So is there going to be any funds there?

13 MS. BLAKE: The interest off the Recovery Fund  
14 funds the education fund.

15 CHAIRMAN WAIT: I understand.

16 MS. BLAKE: Zero equals zero.

17 CHAIRMAN WAIT: So even if there is \$15,000 worth  
18 of interest paid out for education, if it's already been  
19 sucked out and gone to a consumer, there is nothing to do?

20 MR. BARGER: That would be correct if it's paid  
21 out before we look at the prior year's interest --

22 CHAIRMAN WAIT: Yeah.

23 MR. BARGER: Because it says 75 percent of  
24 whatever the interest is, again at one point, you're  
25 correct, there's not going to be any interest in there

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1 because there is nothing there.

2 CHAIRMAN WAIT: Let's say for 2008 and 2009, I'm  
3 just going to pick a number out of the air, if there's  
4 20,000 worth of interest, which I know there won't, but just  
5 an example, so 75 percent of that is 15,000 available, but  
6 if the Recovery Fund is zero, there is no money to take out  
7 to do it. Because those funds are not segregated in some  
8 other account. They're just blended in.

9 MR. BARGER: That's correct. Because that's  
10 available to us when we figure out what the interest would  
11 be but it's all in there together. There is no separate  
12 account for it. So as we get to that point, you're  
13 absolutely correct. That would be paid out in probably a  
14 claim format as opposed to anything being set aside.

15 CHAIRMAN WAIT: So those funds are still there  
16 today in essence?

17 MS. BLAKE: Yes.

18 CHAIRMAN WAIT: So if this Board said, okay,  
19 AAMHO withdrew \$5,000 for AAMHO, that means that one lady is  
20 not going to get the five grand?

21 MS. BLAKE: She'll get it. She just has to wait.  
22 She won't get it now.

23 CHAIRMAN WAIT: What I'm saying is she said  
24 earlier the 5,000 would go to her now and the other 245  
25 later. Well, in this case it would be 245 going later.

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1 MS. BLAKE: Yes.

2 MS. MCGILVERY: So we're talking about the  
3 interest from 07-08?

4 CHAIRMAN WAIT: Makes no difference what period  
5 of time we're talking about. If the account has zero in it,  
6 it has zero in it.

7 MS. CHAPMAN: Excuse me, sorry. I believe that  
8 in the previous board meeting that we had there was a lot of  
9 confusion with how it works, the Recovery Fund. So on the  
10 new reports -- where I saw that everybody was looking at the  
11 numbers on the old expenditure report, I believe on the new  
12 report the available balance in the -- for education which  
13 is the 75 percent of the interest is actually 7966 is what  
14 is currently available in the fund. Because we had --

15 MR. HANEY: How could that be? I saw that there.

16 MR. BARGER: Mr. Chairman, like we separated  
17 out -- there's not a separate fund where we can take that  
18 interest out and take it out of this fund and put it in this  
19 fund and it specifically stays there for educational  
20 purposes. It stays as a lump sum. So what that figure  
21 represents is what would be available based on the  
22 75 percent if you all were to give somebody. But that does  
23 impact what is overall in the Recovery Fund.

24 MS. MCGILVERY: I have \$12,966 that is available  
25 with interest through March.

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1           CHAIRMAN WAIT: Is that the 75 percent or is that  
2 the full amount?

3           MS. MCGILVERY: That's the full amount.

4           MR. BARGER: It was awarded at the previous  
5 meeting \$5,000 for AHA.

6           CHAIRMAN WAIT: Yes. That's already been paid  
7 out. Bottom line.

8           MR. HANEY: But the 08-09 that you list here, the  
9 12,966 is the total interest for the prior year, but that  
10 cannot be allocated yet. And only 75 percent of that can  
11 be. Because the statute reads for the prior fiscal year.  
12 The only numbers that we have to work with is 75 percent of  
13 the 15,679; isn't that correct?

14           MS. MCGILVERY: That's the prior fiscal year.

15           MS. BLAKE: Right now we're in the fiscal year --

16           MR. BARGER: We're still in '08.

17           MR. HANEY: We're still in '08-09. So the only  
18 numbers we have to work with are from 07-08.

19           MR. BARGER: That's what these numbers are from.

20           MR. HANEY: No. For 07-08 you have interest of  
21 15,679.

22           MS. MCGILVERY: Ostensibly 13.

23           MR. HANEY: So 75 percent of the 15,000 should be  
24 available for education which works out to be somewhere  
25 around 12,000. And we say we've already expended 13,000.

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1 CHAIRMAN WAIT: And you don't have access to the  
2 08-09 yet, do you? Does it have to be concluded?

3 MS. BLAKE: I'm saying no it doesn't have to be  
4 concluded based on what John reported, but we'll have to  
5 find out for sure.

6 MR. HANEY: And not to exceed the previous fiscal  
7 year. You do not have a previous fiscal year until July 1.

8 MS. BLAKE: Correct.

9 CHAIRMAN WAIT: By July 1 there will be zero in  
10 the account; is that correct?

11 MS. SOLIERE: Yes.

12 CHAIRMAN WAIT: So --

13 MR. HANEY: Not that I don't want to give it to  
14 you.

15 MS. MCGILVERY: I understand.

16 MR. HANEY: I'm just trying to read the statute  
17 to make sure we're conforming to what the statute says.

18 MR. BARGER: I think what they're confused with  
19 like the chairman says, it's all together. If we could take  
20 that money out --

21 CHAIRMAN WAIT: If we could pull it out in a  
22 separate, segregated account --

23 MR. BARGER: -- and use that -- we could  
24 certainly do that.

25 MR. HANEY: We could certainly do that as an

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1 accountant. We have \$250,000 in the Recovery Fund. Of that  
2 12,000 is designated for education.

3 MR. BARGER: Let us research that.

4 MR. HANEY: So available Recovery Fund is that  
5 amount.

6 MR. BARGER: Let us research that. You make a  
7 good point. That money may have already by us been set  
8 aside outside of the Recovery Fund part of it saying we can  
9 use that for educational purposes. So we have to begin  
10 another issue that we have to decide how to do that because  
11 we've not been in the position we're in right now where it's  
12 all gone.

13 MR. HANEY: But even taking that into account --

14 MR. BARGER: I understand what you're saying.

15 MR. HANEY: We add interest of 15,679. Seventy  
16 five percent of that is 12,000. We've had expenditures of  
17 13,000. So we've already spent more.

18 CHAIRMAN WAIT: We've already expended that, even  
19 more.

20 MR. BARGER: Then what we're showing there for  
21 this current year, 08-09. So we have to research that.

22 CHAIRMAN WAIT: I'm confused as to what we need  
23 to do regarding AAMHO's request? Roger?

24 MR. WENDT: I'm having feelings. I don't like  
25 feelings. But here they are. I don't think that I could

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1 vote for spending that money for education for any  
2 association and short a consumer that was injured by our  
3 industry. But after having said that, I'm thinking did  
4 these Administrative Judges know what they're doing giving  
5 people \$240,000? So I'm a little torn there. But what I  
6 would like to reiterate is I couldn't vote for taking that  
7 money out there and short a consumer.

8 MR. DESANTICS: If the consumer is educated he  
9 wouldn't have written the check out.

10 CHAIRMAN WAIT: Yes, Bob?

11 MR. GIBB: As far as education goes I've been  
12 pretty heavily involved in that as well as Catherine, and we  
13 have a very extensive program and if you drop it -- I  
14 realize it's going to happen -- but if we have to drop it  
15 this stops a lot of stuff coming into the Department of Fire  
16 Building and Life Safety because we could better educate  
17 what is going on. I think we're going to see more  
18 complaints. I think education, no matter who is doing it,  
19 is so important. We get some very, very great responses from  
20 these people. Unfortunately I see what's going to be  
21 happening. It's unfortunate if we don't keep these people  
22 apprised of what the industry is doing. It's so easy for  
23 them to point fingers. I'm one of them.

24 MS. MCGILVERY: I have this question. Of the  
25 claims that are out there now, when will they be completed?



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1 Before July 1st?

2 MS. SOLIERE: Yes. They all -- the last two come  
3 up in June. We'll pay that remaining 5,000. That's May  
4 29th is when the appeal time comes up for that lady. Then  
5 we're supposed to wait to gather all of her money before we  
6 pay her out again. So, I mean, I guess we'd still be  
7 building interest on this money while it's sitting there.

8 MS. MCGILVERY: Yes. Okay. I was thinking we're  
9 not going to have any money anyway.

10 MR. DESANTICS: Am I reading this wrong? This  
11 brings up a good point. There's not going to be any money  
12 for anything like AHA for four or five years now?

13 MS. MCGILVERY: Yes.

14 CHAIRMAN WAIT: It could be. It depends on how  
15 many more claims come in. We haven't reached that end yet.

16 MR. BARGER: I think that activity has slowed  
17 down as far as what we see.

18 MS. SOLIERE: I think so.

19 CHAIRMAN WAIT: Roger?

20 MR. WENDT: I would say get ready for a deluge.  
21 There is going to be significant failures in the next six  
22 months.

23 CHAIRMAN WAIT: I would agree with that. When  
24 you have an industry that is down about 70 percent and, you  
25 know, and people sitting there hoping and praying to make

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1 it, you know, until quote there is light at the end of the  
2 tunnel, but that light might be a train.

3 MR. WENDT: And talk to suppliers, talk to  
4 contractors like myself who aren't getting paid by these  
5 dealers --

6 CHAIRMAN WAIT: Absolutely.

7 MR. WENDT: There is a lot of significant --

8 MR. BARGER: But I mean in reality.

9 CHAIRMAN WAIT: Yeah, I support what Roger has to  
10 say. My account receivables are extremely high right now.  
11 I have one dealer that owes us 70,000. I've been beating on  
12 him for three months, four months.

13 MR. BARGER: If I could make a recommendation we  
14 get back to we need for the Board to make a decision.

15 CHAIRMAN WAIT: Please.

16 MR. BARGER: You need to make a decision.

17 CHAIRMAN WAIT: I guess in order to go forward,  
18 if we're going to do it, someone needs to make a motion.

19 MR. HANEY: It appears to me looking at these  
20 numbers we've already spent more than we have available for  
21 fiscal 07-08.

22 CHAIRMAN WAIT: And what's going to come from  
23 08-09 the statute not being available because there is  
24 nothing there.

25 MR. BARGER: If you like in your discussion how

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1 you want to present it, give us an opportunity to review the  
2 status of the funds and if there is anything that may be  
3 available and depending on what the outcome of that is, if  
4 it's available and it is separated and you can use it to  
5 make a pay out.

6 CHAIRMAN WAIT: So what you're saying is if the  
7 Board supported that there could be a motion and subject to  
8 your review?

9 MR. HANEY: Review of what?

10 MS. MCGILVERY: The education fund.

11 MR. BARGER: Of the actual number you're talking  
12 about.

13 MR. HANEY: Fiscal 07-08, you're saying review  
14 that 15,000 in interest and the 13,000 expenditures? So in  
15 order to be able to approve we'd have to have 18,000  
16 available. That means the interest would have to go up to  
17 24,000. So if the interest earned in 07-08 is actually  
18 24,000, then approving the request for 5,000. I'll make  
19 that motion.

20 CHAIRMAN WAIT: You want to vote on this before  
21 you leave.

22 MR. WENDT: No.

23 (Mr. Wendt is leaving meeting.)

24 CHAIRMAN WAIT: We have a first, we have a  
25 second.

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1 THE REPORTER: I'm sorry, who seconded it?

2 MR. DESANTICS: Second.

3 CHAIRMAN WAIT: All those in favor say aye. Any  
4 opposed? Motion carries.

5 MR. BARGER: What we'll do is immediately  
6 research and see what is available that we can --

7 MS. MCGILVERY: Find something for us.

8 MR. HANEY: What you're researching is if the  
9 interest in 07-08 was at least \$24,000. Interest in 07-08.

10 MS. MCGILVERY: I think I know the answer to that  
11 already.

12 CHAIRMAN WAIT: All right. That will wait to be  
13 seen. The next item is the call to the public. That used  
14 to be really a call to Bill. So, Ken, do you have anything  
15 you'd like to say.

16 MR. ANDERSON: Mr. Chairman and members of the  
17 Board, I do. I'm sorry, my name is Ken Anderson. I'm with  
18 the Arizona Housing Association. Three very brief comments.  
19 The new HUD installation standard that went into effect  
20 January 1st was a very difficult time for the industry not  
21 only here but throughout the entire country. But I want to  
22 report that the Department has worked very well with the  
23 industry members in helping support us during that very  
24 difficult period. They've been commendable to work with.

25 The second item is on the \$248,000 claim. I

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1 just want to make a comment about that. If the Board could  
2 possibly consider, if it's still during the appeal time, the  
3 review of that particular case, and review of statute to see  
4 if that Administrative Law Judge has jurisdiction in that  
5 case to award that sum for a recovery for a home that still  
6 exists.

7 Then the last item, I did speak at the  
8 February meeting about escrow funds, my feelings on escrow,  
9 and many of our industry members as well. For example, the  
10 Registrar of Contractors has a maximum exposure of, as I  
11 recall of \$30,000. I mean our exposure is unbelievable. It  
12 could be half a million dollars on one case. And part of  
13 the reason the \$30,000 limit is they have all their  
14 transactions through escrow. And the builder might be  
15 accountable for repairs, but there is no fraud involved,  
16 because if there is a fraud, the title company pays. So I  
17 would just encourage the Board to look at other mechanisms  
18 as time progresses understanding that the Governor has  
19 limitations as to what she can do now, but probably July 1st  
20 things will open up again.

21 CHAIRMAN WAIT: Thank you very much for your  
22 comments, Ken. Correct me if I'm wrong, Bob, I'm not sure  
23 that the Board has the authority to have an appeal. Isn't  
24 that within your own authority to decide whether you're  
25 going to do that or not?

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1 MS. ALARCON: We'd have to check on that.

2 MR. BARGER: We'll check on it but I don't  
3 believe or I don't recall anything in statute that would  
4 allow the Board to appeal a decision. It just says the  
5 Board has to pay what the ALJ determines. But we'll review  
6 that to see if there are any alternatives, if there are any  
7 opportunities.

8 CHAIRMAN WAIT: If you would, please. Neal?

9 MR. HANEY: Mr. Chairman, in several instances in  
10 times past when an ALJ made a decision or other things have  
11 happened the Department has not stepped in, but concerned  
12 associations have stepped in and filed either lawsuits or  
13 appeals on behalf of, for instance, the Relocation Fund when  
14 the State tried to do a sweep, our association in  
15 conjunction with the tenants association filed suit. That  
16 is something that your association may look at is the  
17 legality of the Administrative Law Judge awarding that kind  
18 of judgment. I don't know that the Department can do that.

19 MR. ANDERSON: Thank you.

20 CHAIRMAN WAIT: Good points. All right.

21 Announcements. Future meeting dates and times.

22 MR. BARGER: When do we want -- when would you  
23 like to meet again?

24 CHAIRMAN WAIT: I think --

25 MR. BARGER: Two months, three months.

## BOARD OF MANUFACTURED HOUSING BOARD MEETING 5/20/2009

1 CHAIRMAN WAIT: Let's see.

2 MR. BARGER: Meetings can be called at any time  
3 by the Board or its members. And I think -- I think we can  
4 set a date for a future meeting. But in the event that  
5 something comes up because of the circumstances and the  
6 budget and everything that is going on, you may be aware  
7 that we may have to set a meeting. Unless we want to go to  
8 a monthly or quarterly meeting for awhile until we get  
9 through this process.

10 CHAIRMAN WAIT: Here, and this is selfish  
11 reasons, and certainly we can do something sooner if  
12 necessary -- what I'm going to suggest is August always  
13 seems to be a month that we never get together.

14 MR. HANEY: Why?

15 CHAIRMAN WAIT: Because we're on a beach  
16 somewhere in San Diego. Why don't we schedule September,  
17 but if something comes up, whether in June or July or even  
18 August, if that becomes a requirement that we do that.

19 MR. BARGER: That would be September 16th if  
20 that's the third Wednesday. And we'll try to have larger  
21 accommodations.

22 CHAIRMAN WAIT: All right. With that in mind  
23 I'll entertain a motion to adjourn.

24 MR. HANEY: So moved.

25 MR. DESANTICS: Yes.

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1 CHAIRMAN WAIT: No problem getting a second  
2 either is there? All those in favor say aye.  
3

4 (The meeting was adjourned at 2:48 p.m.)  
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## BOARD OF MANUFACTURED HOUSING BOARD MEETING 5/20/2009

## C E R T I F I C A T E

I, CAROLE A. WHIPPLE, hereby certify that the foregoing pages numbered from 1 to 72 inclusive, constitute a full, true and accurate record of the proceedings had in the above matter, all done to the best of my skill and ability.

DATED this 27th day of May, 2009.

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CAROLE A. WHIPPLE  
CERTIFIED REPORTER  
Certification #50089